



Nippon *india* Mutual Fund

Wealth sets you free

Nippon India Focused Equity Fund

Good gets *better*

Monthly Outlook – Equity

Good gets *better*

Current Macro Landscape

01

Inflation moderating across geographies

02

Interest rates shift from Higher for Longer shifting to lower

03

Weaker USD, Commodity prices bottoming out

04

Risk on Rally in Asset Classes – Equity Outperforms

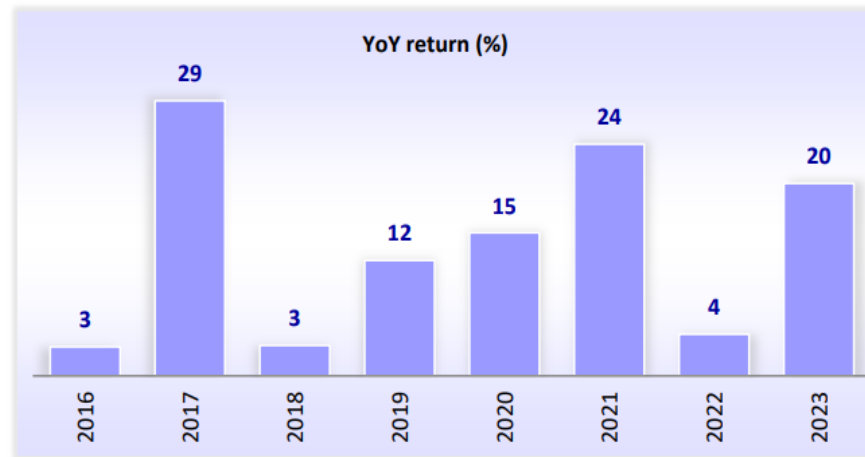
Note – Data as on 31st Mar,2024

Source : Bloomberg
NIMF Research

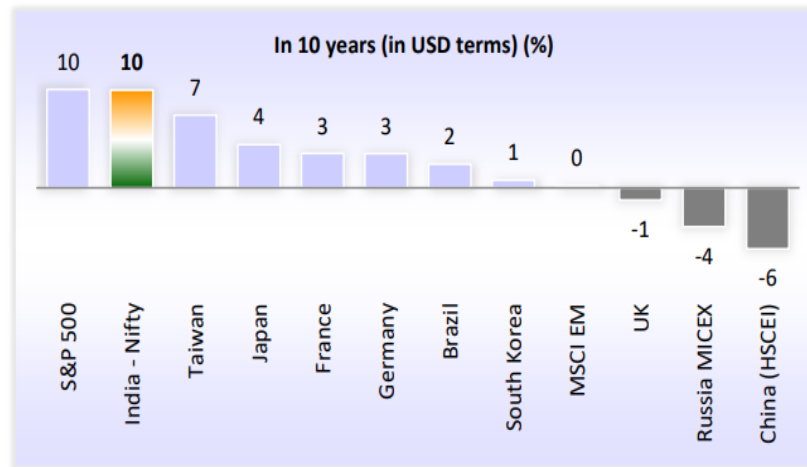
India Strategy : A year of Ups and Downs

- In CY23, the Indian markets remained resilient and strong amid weak global macros, rising interest rates, and geopolitical uncertainties that kept global markets volatile and jittery.
- The Nifty-50 clocked eight successive years of positive returns. The benchmark index hit an all-time high in Dec'23 and surged 20% YoY in CY23 (vs. only 4% growth in CY22). While multi-year high interest rates, geopolitical tensions, volatility in crude oil prices, slowing growth, and recessionary environment in developed markets remained the key concerns during the year, India's healthy economic growth, healthy corporate earnings, moderate inflation, waning crude oil prices, reinforced Foreign institutional investors (FII) and Domestic institutional investors (DII) inflows, and good retail participation propelled the Indian markets to greater heights

Eight years of positive returns for Nifty50



India remains the second-best performer in the last 10 years...



Note – Data as on calendar year basis

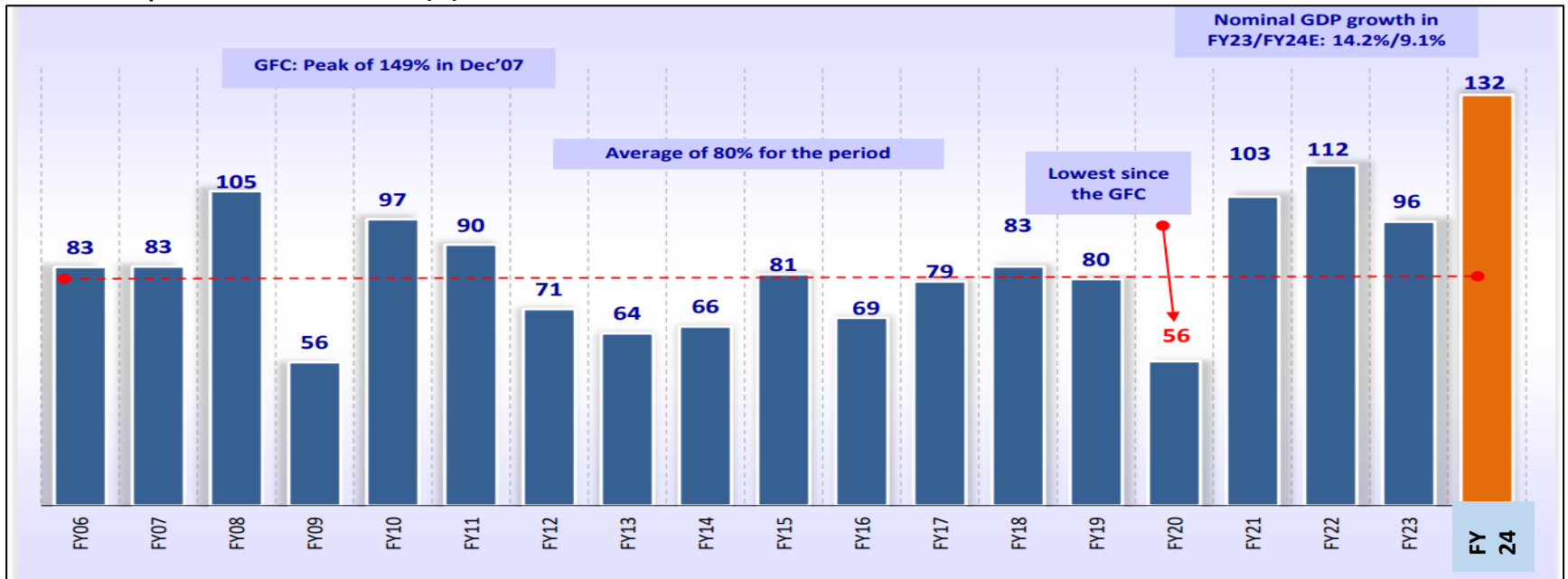
Source : Bloomberg

NIMF Research

India's market capitalization-to-GDP ratio at an all-time high as of year-end closing

- India's market capitalization-to-GDP ratio continues to remain strong. The ratio stands at 132% as of FY24, much above its long term average of ~80%.
- India's Real GDP growth came in much higher than expected at 8.4% in 3QFY24 vs. 8.1% (revised higher from 7.6%) in 2QFY24 and 4.3% in 3QFY23 (revised lower from 4.8%). 1QFY24 GDP growth has also been revised higher to 8.2% from 7.8%. Consequently, GDP growth for 9MFY24 stood at 8.2%. Higher-than-expected GDP growth was partly led by a downward revision in 3QFY23 growth (to 4.3% from 4.8% earlier) and a very high growth in real net indirect taxes, driven by lower subsidies.

Market capitalization-to-GDP ratio (%)



GFC (The global financial crisis)

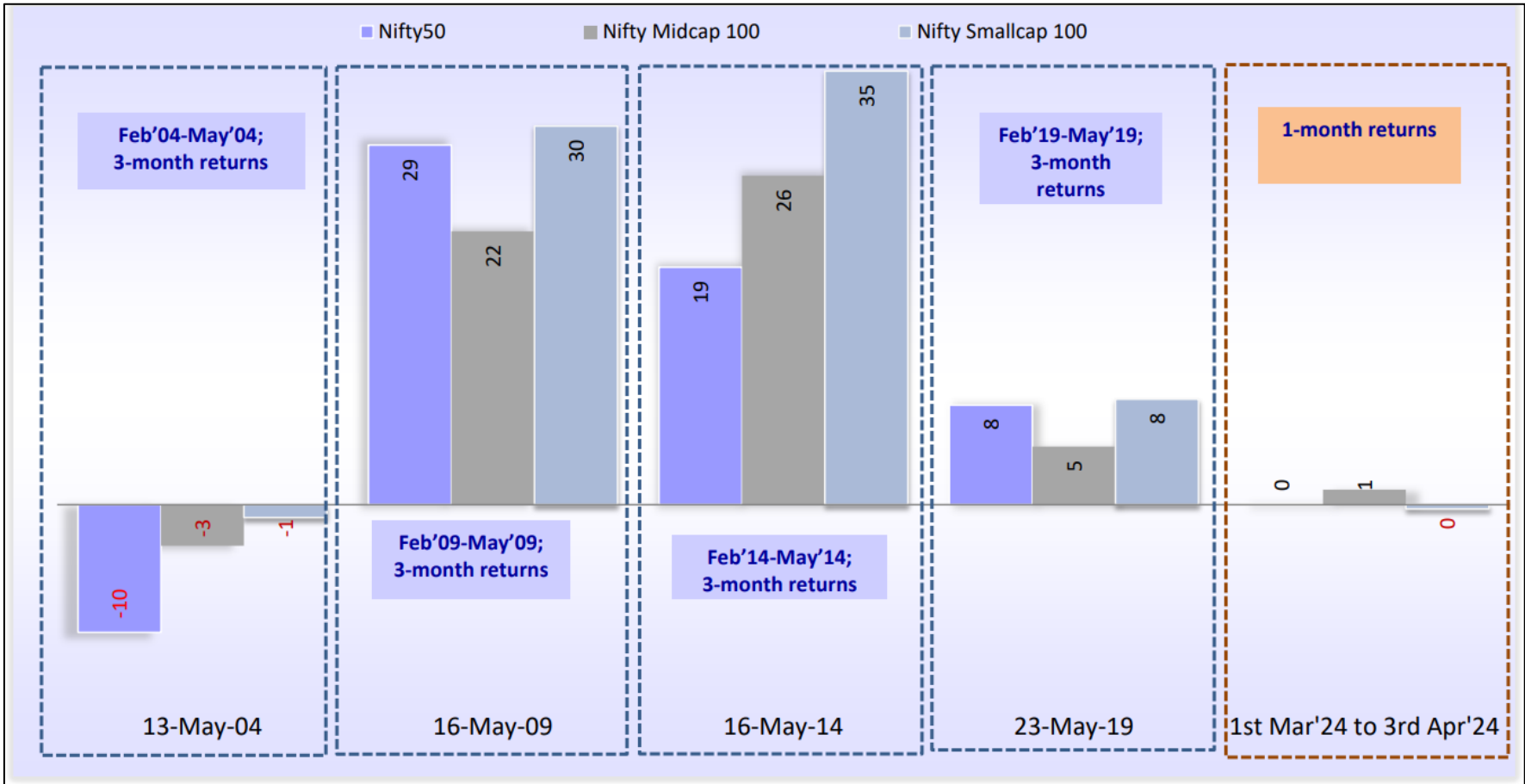
Note – Data as on 31st March, 2024

Source : Bloomberg, CEIC, NIMF Research

Healthy market returns seen three months prior to the general election results

- Market performance has remained healthy three months prior to the Lok Sabha election results
- The performance was strong in the past three out of four general elections.

Indices' returns YoY (%)

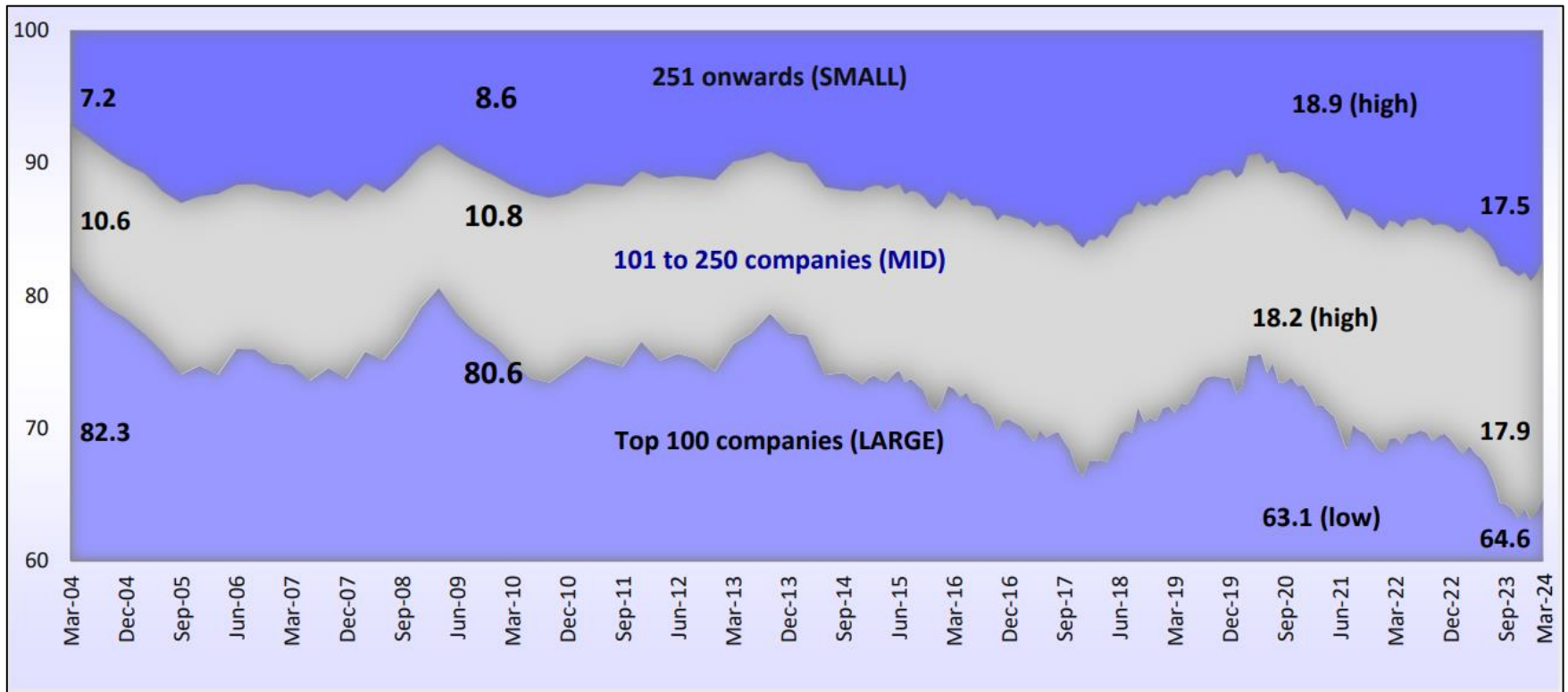


Note: - Indices returns are considered three months prior to the Lok Sabha Election results declaration date
- 2024 LS election date is 4th June 2024. Past performance may or may not be sustained in the future.

Mid and small cap rally takes a pause in Mar'24

- After a sharp rally in the past one year, mid and small caps underperformed large caps in Mar'24
- While mid caps recovered after the sharp fall and ended flat during the month, small caps declined 5% MoM
- Market cap of large/mid/small cap companies was +40%/+63%/+83% during Apr'23-Feb'24, while the same was +1%/+0.1%/-5.1% MoM in Mar'24

Market cap contribution (%)



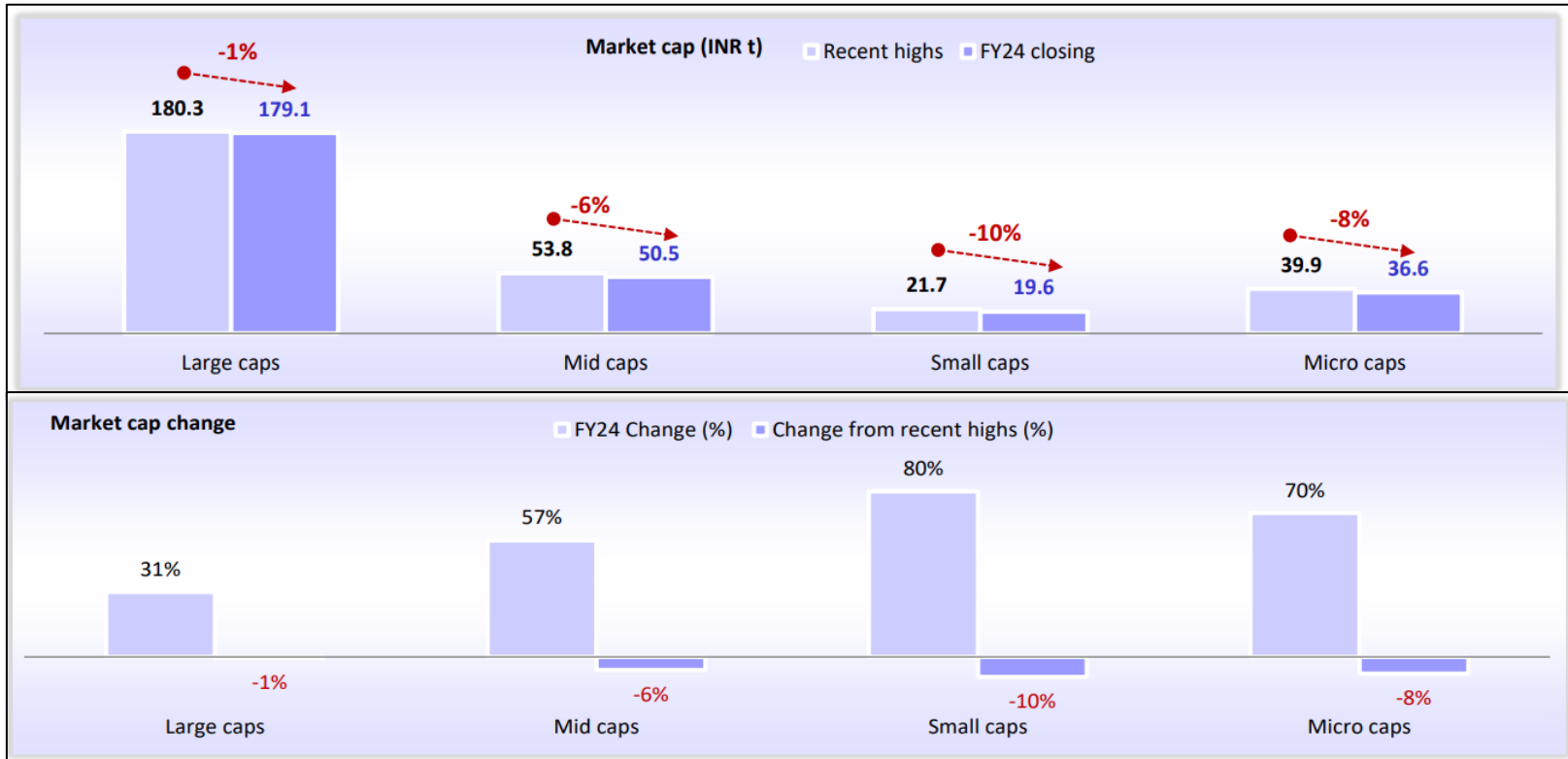
The top 100, 101 to 250, 251 onwards are in terms of market capitalizations

Note – Data as on 31st Mar,2024. Past performance may or may not be sustained in the future.

Source : Bloomberg, Ministry of Finance
NIMF Research

Small and micro caps witness a sharp correction from their recent highs

- Market cap for small cap and micro cap companies declined 10% and 8%, respectively, from their Mar'24 highs
- Market cap for large/mid/small/micro cap indices rose 31%/57%/80%/70% YoY in FY24.



- Stocks that are falling outside the top 500 in terms of market capitalization are usually referred to as microcap stocks. Typically, these enterprises have a market cap of under Rs 5,000 crore.

Note - Large caps – Nifty 50 index (peaked on 7th Mar'24) | Mid caps - Nifty Midcap 100 index (peaked on 8th Feb'24) Small caps - Nifty Smallcap 100 index (peaked on 7th Feb'24) | Micro caps - Nifty Smallcap 250 index (peaked on 7th Feb'24). Past Performance may or may not sustain in the future.

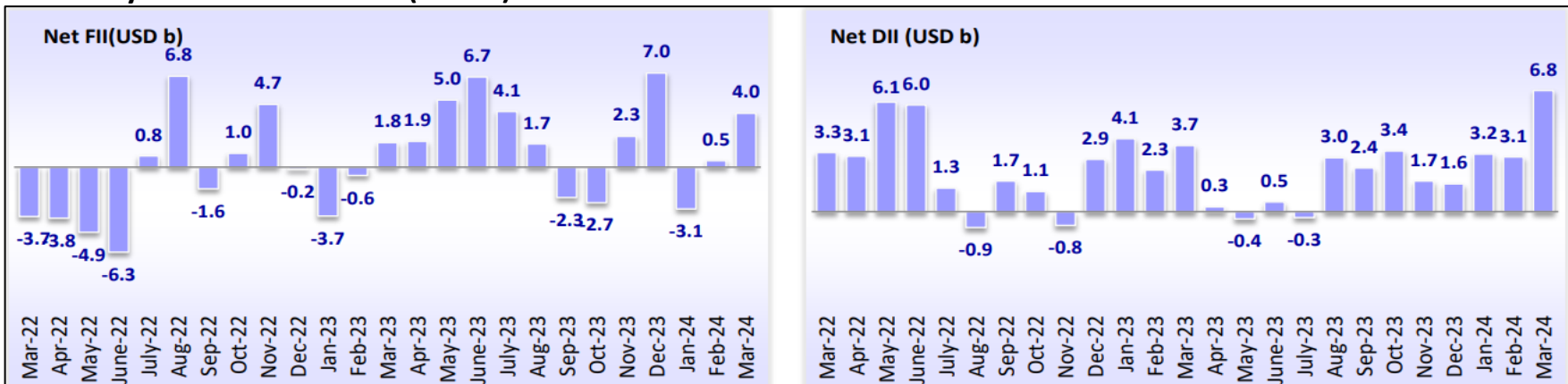
Note – Data as on 31st Mar, 2024

Source : Bloomberg,
NIMF Research

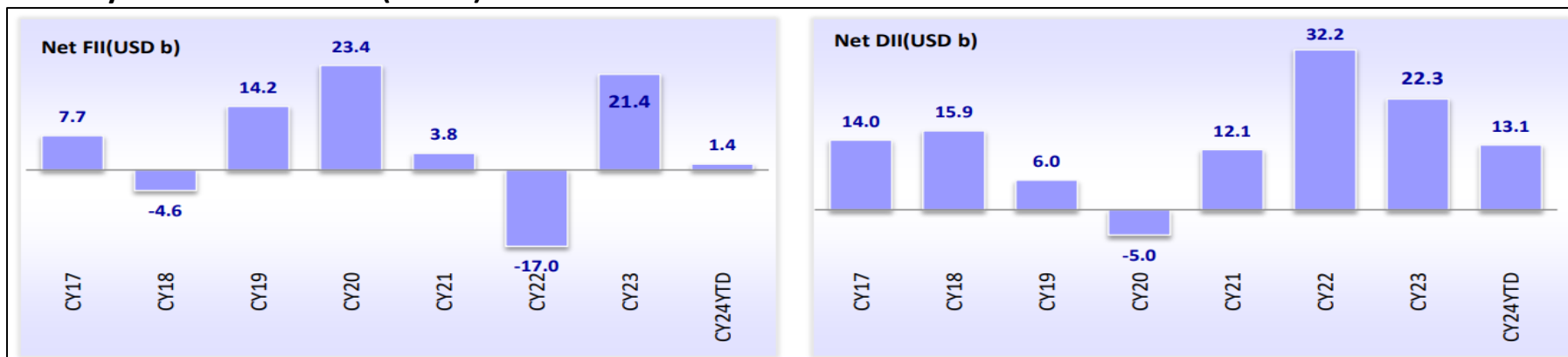
Domestic Institutional Investors monthly flows the highest since Apr'20; Foreign Institutional Investors flows turn strong in Mar'24

- FII flows turned strong in Mar'24 with inflows of USD4.0b. FIIs remain net buyers with USD1.4b of inflows in CY24YTD.
- DII flows remained strong during the month and were at a 4-year high at USD6.8b. Net DII inflows are at USD13.1b in CY24YTD.

Monthly institutional flows (USD b)



Yearly institutional flows (USD b)



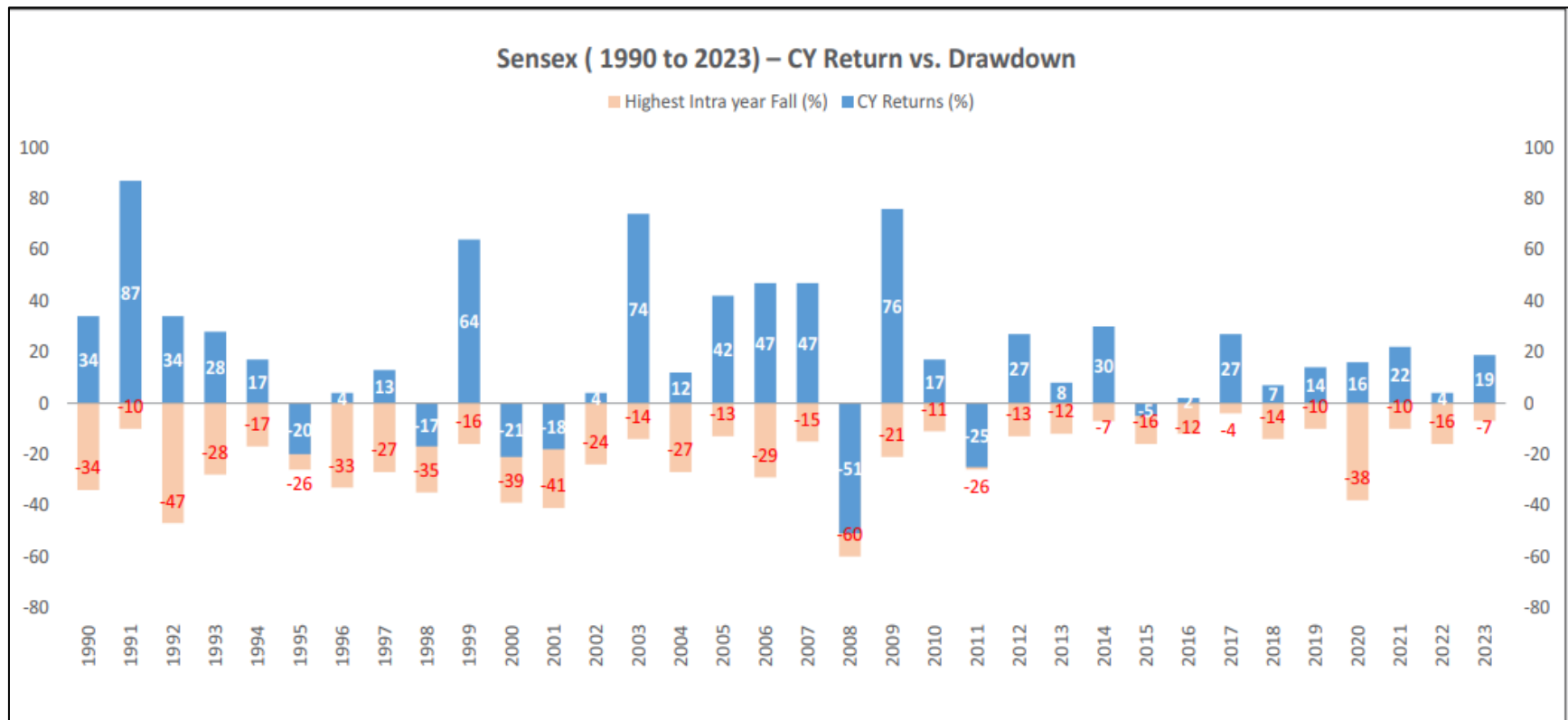
Past performance may or may not be sustained in future

Note – Data for calendar year basis

Source : Bloomberg, NSE

NIMF Research

Intra-year Corrections and Returns



- Out of 33 years, while markets always had an interim decline, only in 7 years did the market end the year with negative returns. In other words, for 26 out of 33 years, the markets ended in positive despite the temporary decline in between.
- 10-20% Temporary drawdown is almost a given every year.

Past performance may or may not be sustained in future

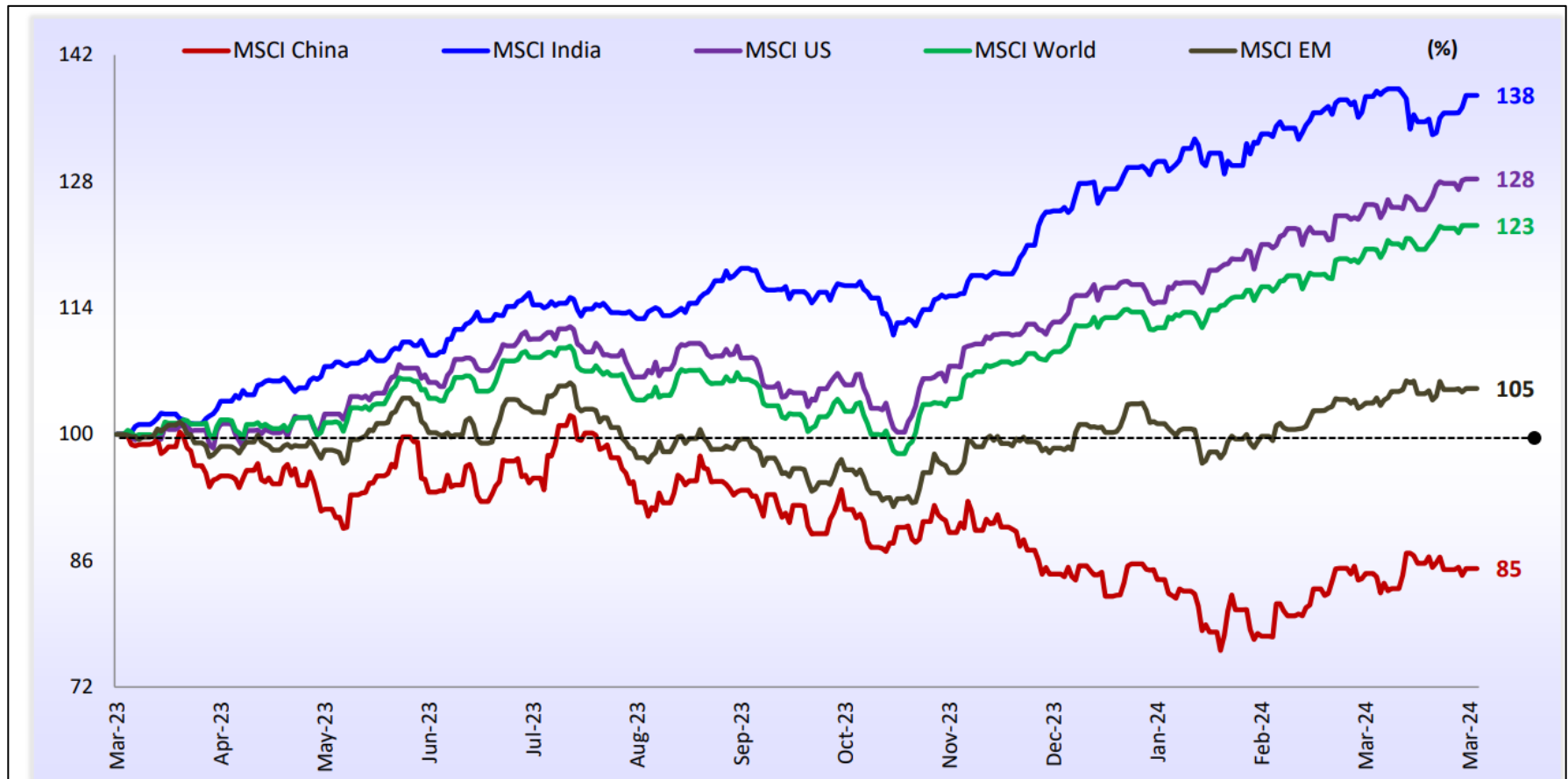
Note – Data as on 31st Dec, 2023

Source : Bloomberg, BSE

NIMF Research

MSCI India outperforms global markets in the last one year

- Performance of the MSCI India index vs. MSCI US, MSCI World, MSCI Emerging Market, and MSCI China indices, in USD terms



*Indices rebased to 100

Note – Data as on 31st March, 2024

Source : Bloomberg, MSCI,

NIMF Research

Equity View March 2024 and Outlook

- Indian economy continues to remain robust supported by demographic tailwinds, policy and structural reforms. Key lead indicators like tax collections, industrial activity, power demand continues to be buoyant.
- Moderating inflation, pick up in the private sector capex are also positive drivers. India is emerging to be destination of choice for global investors given the favorable macros, expectations of policy continuity etc. and we may see increased inflows.
- While the larger construct looks positive in India, valuations continue to remain elevated at a broad level with some exceptions like Large Banks, select utilities, commodities etc.
- Going forward the sentiment appears to be buoyant supported by India's relatively better macros, earnings outlook for India remains strong relative to emerging markets, driven by healthy credit demand and robust high-end consumption demand, possibility of higher foreign flows and the narrative around policy continuity in the upcoming general elections.
- We believe Large Cap oriented strategies across Large Cap and Flexi/Multi Cap categories appear to be better placed on a risk- reward basis while Asset allocation products can help to manage the downside risks.
- Asset allocation in line with investment goals and risk appetite is important for better risk – return optimization. Herein asset allocation funds can help in lowering volatility and provide better balance to the overall portfolio mix.

Nippon India Focused Equity Fund

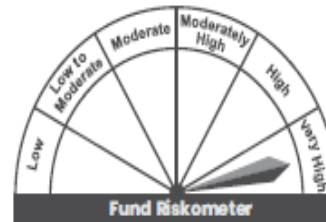
(An open ended multi cap equity scheme investing in maximum 30 stocks)

This product is suitable for investors who are seeking*

- Long term capital growth.
- Investment in equity and equity related securities including derivatives

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Nippon India Focused Equity Fund



Investors understand that their principal will be at Very High risk

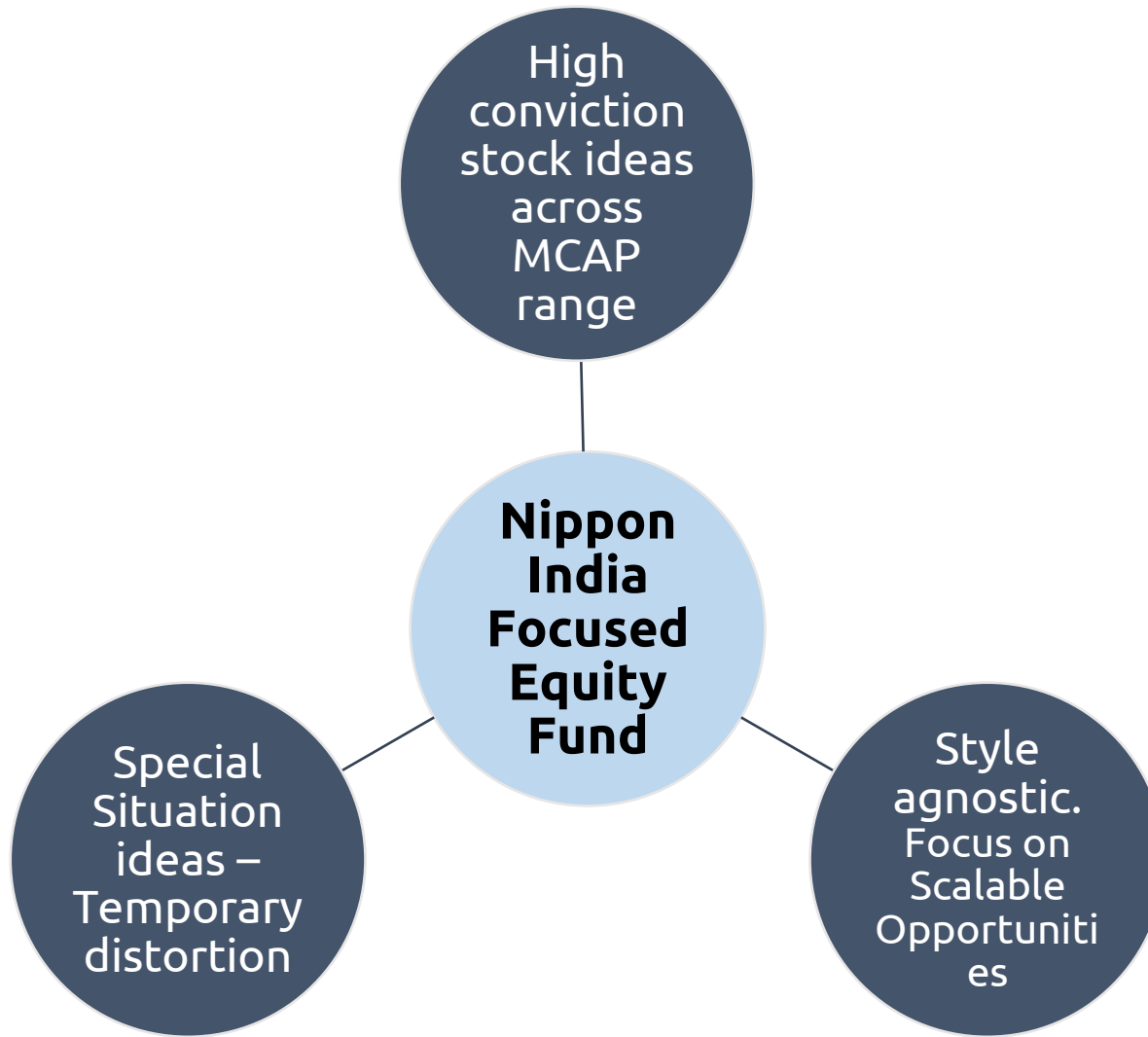
S&P BSE 500 TRI



Benchmark Riskometer is at Very High risk

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Investment Philosophy



Note: The current fund philosophy may change in future depending on market conditions or fund manager's views.

Investment Framework

Investment Strategy

- ❑ High conviction Portfolio
- ❑ Investment across Market caps
- ❑ Adopts a combination of top-down & bottom-up investment approach to identify sector & stock weightage in the portfolio

Current Positioning

- ❑ No. of Stocks in portfolio: 28
- ❑ Top 5 Sectors ~ 54% allocations
- ❑ Large cap: 56%, Mid cap: 20%, Small cap: 24% (Excl Cash)
- ❑ Weighted Average Market Cap: Rs 4,29,063 Crs

The current fund strategy may change in future depending on market conditions or fund manager's views.

Source: MFI Explorer, Data as on 31st March 2024.

Fund Casing Framework

Funds	Nippon India Focused Equity Fund
Market Cap Bias	Large Cap – 50-75%, remaining in Mid & Small Cap
Style	Style-diversified
Maximum Sector Deviation from Benchmark	Financials max 6% deviation from Benchmark
Single Stock Concentration	Maximum single stock concentration in C rated stocks would be 5%.
Cumulative Stock Concentration	Max 45% in C, Max 5% in D
Active Share	55-70
Cash call	<10%

Note: 1) Active share is the percentage of fund holdings that is different from the benchmark holdings. 2) Based on Internal assessment of Business Risk, stocks have been classified under four rating buckets: A,B,C,D with A being the best and D being the worst. While it may appear all the investments should be concentrated in the A or B bucket, the stocks may not be reasonably priced. At the same time, stocks rated C or D may offer opportunities at reasonable valuations.

QoQ Sector Allocation Trend

Sector	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
Banks	26.62	29.06	27.91	20.76	20.25	20.21	20.40	19.85	21.39
IT - Software	7.70	7.90	8.11	7.82	7.18	6.92	7.64	7.95	7.91
Diversified FMCG	5.96	4.78	5.04	3.32	3.76	3.97	2.79	3.90	3.91
Finance	5.82	5.22	5.65	11.11	11.35	11.13	11.46	11.97	9.97
Petroleum Products	4.86	4.11	3.76	4.56		3.94	3.80	3.76	3.40
Industrial Manufacturing	4.19	3.09	2.13	2.44	2.72	2.75	2.75	2.97	2.93
Automobiles	3.16	3.91	3.30	0.96	1.55	1.49	3.53	6.04	5.48
Industrial Products	2.66	2.67							
Auto Components	2.65	2.83	2.84	2.32	1.82	2.04	2.33	2.36	3.88
Entertainment	1.61	3.89	5.16	6.28	6.85	5.62	5.67	5.88	2.99
Construction	1.32	1.62	2.27	6.06	6.34	7.08	7.01	6.74	7.55
Agricultural, Commercial & Construction Vehicles									1.71
Electrical Equipment		1.86	1.52	3.32	2.03	1.68	0.74		
Telecom - Services					4.60	1.59		4.84	4.54
Transport Services		1.80	1.96	2.67	2.19	2.02		2.83	3.43

The above sector names mentioned are illustrations of the fund philosophy and may not necessarily form part of the scheme portfolio
 Note: The current fund philosophy may change in future depending on market conditions or fund manager's views. The above sector names mentioned are illustrations of the fund philosophy. The percentages are as on the end of the month. Example - Mar-23 implies 31st March 2024. The scheme may or may not have future position in the said sectors. Source: Monthly Portfolios, NIMF.

Attribution Analysis for 3 months

Top 5 Allocation Groups by Active Weight

Group Name	Active Average Weight (%)	Attribution Total (%)
Consumer Discretionary	8.06	-1.32
Cash	6.88	-0.12
Financials	6.75	-0.34
Communication Services	2.50	-2.43
Information Technology	1.36	-0.05

Bottom 5 Allocation Groups by Active Weight

Group Name	Active Average Weight (%)	Attribution Total (%)
Materials	-8.46	0.71
Health Care	-5.73	-0.39
Utilities	-4.37	-0.34
Industrials	-2.48	-0.76
Energy	-2.37	-0.37

Top 10 Securities by Active Weight

Asset Name	Active Average Weight (%)	Attribution Total (%)
AXIS BANK LTD	4.83	-0.16
3M INDIA LTD	3.69	-1.10
SBI CARDS & PAYMENT SERVICES	3.66	-0.31
HONEYWELL AUTOMATION INDIA LTD	3.45	0.24
AFFLE (INDIA) LTD	3.16	-1.04
STATE BANK OF INDIA	3.13	0.71
HERO MOTOCORP LTD	3.11	0.15
ICICI BANK LTD	3.08	0.21
VARROC ENGINEERING LIMITED	2.73	-0.63
THOMAS COOK	2.57	0.13

Bottom 10 Securities by Active Weight

Asset Name	Active Average Weight (%)	Attribution Total (%)
LARSEN & TOUBRO LTD	-2.70	0.14
TATA CONSULTANCY SERVICES	-2.58	-0.11
BHARTI AIRTEL LTD	-1.84	-0.34
KOTAK MAHINDRA BANK LTD	-1.62	0.11
RELIANCE INDUSTRIES LTD	-1.61	0.01
HINDUSTAN UNILEVER LTD	-1.38	0.15
BAJAJ FINANCE LTD	-1.22	-0.01
MAHINDRA AND MAHINDRA LTD	-1.08	0.04
HCL TECHNOLOGIES	-1.07	-0.08
TATA MOTORS LTD	-1.03	-0.21

The sectors mentioned in the table is not a recommendation to buy/sell in the said sectors. The scheme currently holding investments in the said sectors may or may not have future position in the same. The stocks mentioned form a part of the portfolio of the scheme and may or may not form a part of the portfolio in future. Please read Scheme Information Document carefully for more details and risk factors. For complete details on Holdings & Sectors, please visit website <https://mf.nipponindiaim.com>. Data as on 31st March'24.

Current Positioning and Rationale

- Infrastructure/ Manufacturing- Beginning of private capex cycle in India, Impetus on import substitution ,Possibility of revival backed by China Plus One and Promoting Growth and Innovation schemes (PLI).
- Financial Services may benefit from domestic cyclical recovery, Strong balance sheets and attractive valuations, Banking remains the largest and high conviction overweight among Financials.
- Consumer Discretionary and Consumer staples- Increasing urbanization and premiumization may lead to growth upcycle. With a rise in per capita income consumers can increase their spend towards discretionary. Themes such as Auto, Retail, Hotels and Durables may have a good scope for growth
- Communication Services – The sector has posted good developments , thanks to recovering earnings and enthusiasm over the promise of artificial intelligence (AI). The valuations generally remain reasonable with new developments in communication that could drive further efficiencies in content, marketing and advertising,

Sector	Overweight/Underweight
Consumer Discretionary	8.63
Financials	6.52
Communication Services	1.83
Information Technology	1.72
Consumer Staples	-0.37
Real Estate	-1.20
Energy	-2.39
Utilities	-4.43
Industrials	-4.52
Health Care	-5.75
Materials	-7.68

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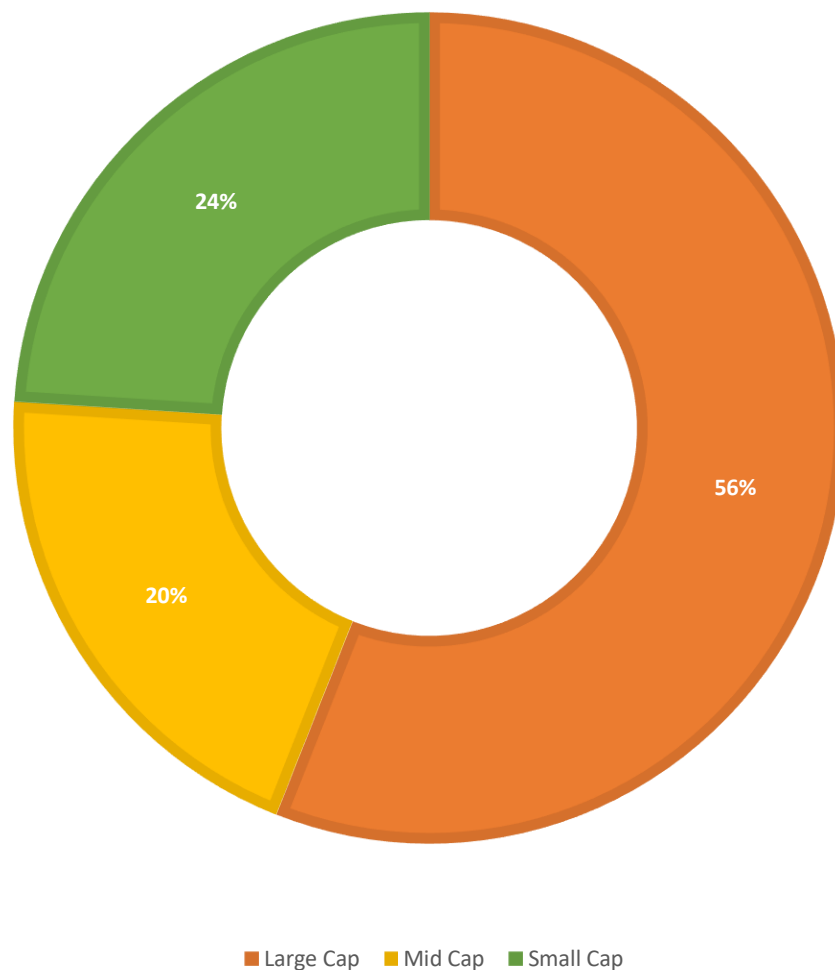
Portfolio Details (As on Mar 31, 2024)

Top 10 Holdings	Weightage
HDFC Bank Limited	9.31%
ICICI Bank Limited	7.92%
Axis Bank Limited	6.45%
ITC Limited	5.96%
Infosys Limited	5.60%
Reliance Industries Limited	4.86%
Honeywell Automation India Limited	4.19%
3M India Limited	3.84%
SBI Cards and Payment Services Limited	3.68%
Hero MotoCorp Limited	3.16%

Top 10 Sectors	Weightage
Banks	26.62%
Leisure Services	7.87%
IT - Software	7.70%
Diversified FMCG	5.96%
Finance	5.82%
Auto Components	5.31%
Retailing	5.02%
Petroleum Products	4.86%
Industrial Manufacturing	4.19%
Diversified	3.84%

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Market Cap Allocation



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Data as on 31st March 2024

Scheme Performance

NAV as on March 28, 2024: ₹101.9103				
Particulars	CAGR %			
	1 Year	3 Years	5 Years	Since Inception
Nippon India Focused Equity Fund	32.68	17.05	16.54	13.73
B:S&P BSE 500 TRI	40.42	19.34	17.39	15.18
AB:S&P BSE Sensex TRI	26.66	15.57	15.10	14.78
Value of ₹10000 Invested				
Nippon India Focused Equity Fund	13,248	16,039	21,497	21,415
B:S&P BSE 500 TRI	14,016	16,980	22,306	23,085
AB:S&P BSE Sensex TRI	12,650	15,423	20,205	22,615
Date of Recategorisation: Apr 28, 2018				
Fund Manager : Vinay Sharma (Since May 2018), Prateek Poddar (Co-Fund Manager) (Since Jun 2021)				

Performance as on March 31, 2024

B: Benchmark, AB: Additional Benchmark, TRI: Total Return Index

TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) dividend receipts from constituent index stocks, thereby showing a true picture of returns.

Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan). Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement. **Past performance may or may not be sustained in future** and the same may not necessarily provide the basis for comparison with other investment. Performance of the schemes (wherever provided) are calculated basis CAGR for the past 1 year, 3 years, 5 years and since inception. Face value of scheme is Rs 10/- per unit. In case, the start/end date of the concerned period is non-business day (NBD), the NAV of the previous date is considered for computation of returns.

Performance of Other Schemes managed by Vinay Sharma and Prateek Poddar

Scheme Name/s	CAGR %					
	1 Year Return		3 Years Return		5 Years Return	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Nippon India Banking & Financial Services Fund	34.07	17.52	20.90	11.03	12.39	11.55

Note:

- Vinay Sharma manages 3 open-ended schemes of Nippon India Mutual Fund.
- In case the number of schemes managed by a fund manager is more than six, performance data of other schemes, the top 3 and bottom 3 schemes managed by fund manager has been provided herein.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
- Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan).

Mr. Vinay Sharma has been managing Nippon India Banking & Financial Services Fund since Apr 2018 and Nippon India Innovation Fund since Aug 2023.



Note:

- Prateek Poddar manages 1 open-ended scheme of Nippon India Mutual Fund.
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Source : MFI Explorer, As on March 31, 2024

Product Labels

Nippon India Banking & Financial Services Fund (An open ended equity scheme investing in Banking sector)	Fund Riskometer	Benchmark Riskometer
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long term capital growth • Investment in equity and equity related securities of companies in banking sector and companies engaged in allied activities related to banking sector <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	<p>Nippon India Banking & Financial Services Fund</p>  <p>Riskometer</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>Nifty Financial Services TRI</p>  <p>Riskometer</p> <p>Benchmark Riskometer is at Very High risk</p>

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Thank you for your time!

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